GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:605
ANSWERED ON:23.02.2001
SOFT LOANS TO SUGAR INDUSTRY
GADDE RAMAMOHAN

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Government have recently formulated a package for giving soft loans to sugar industry from the Sugar Development Fund;

(b) if so, the details thereof;

(c) whether the Government have also taken several steps in liberalise the sugar sector and to develop the sugar industry into a major export sector; and

(d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (S SREENIVASA PRASAD)

(a) & (b) : Loans are being provided at concessional rates to sugar units for sugarcane development and rehabilitation/modernisation of plant & machinery from the Sugar Development Fund.

(c) & (d) : The following steps have been taken by Government to liberalise the sugar sector:-

i) Government has delicensed the sugar industry. The entrepreneurs are free to set up a new sugar mill of any capacity or expand the capacity of their existing mills according to their best commercial judgement. The only stipulation prescribed by the Government is that the radial distance between an existing sugar factory and a proposed sugar factory should not be less than 15 kms.

ii) Government has decided to decontrol the sugar industry in a phased manner. The levy obligation was reduced from 40% to 30% with effect from 1.1.2000. Government has further reduced the levy obligation from 30% to 15% with effect from 1.2.2001.

iii) Government has liberalised the sugar trade and lifted the stock holding limit on the recognised dealers of sugar.

iv) There were restrictions on sale of at least 47.5% of monthly free sale quota during each fortnight. Government has removed the said restriction. Further, Government has also allowed the sugar factories to sell upto 10% of the monthly freesale quota in the succeeding month subject to the condition that the sale should be effected by 7th of the succeeding month.

In order to boost export of sugar, Government have taken the following steps:-

(i) The sugar meant for export has been exempted from the levy obligation. This exemption, which was initially available for a period of six months, commencing from 1st June 2000, has been extended upto 31.3.2001.

(ii) It has been decided to treat the quantity exported for commercial exports as advance free sale release to be adjusted after a period of 12 months from the date of release.

(iii) It has been decided that the levy exemption on the quantity of sugar meant for commercial exports, if it cannot be availed by the sugar factory out of 1999-2000 season`s production due to the completion of its levy obligation, the same may be availed by the concerned sugar factory from the production in the ensuing sugar season.

(iv) DEPB at the rate of 5% of the F.O.B. value of exports of sugar has been allowed.